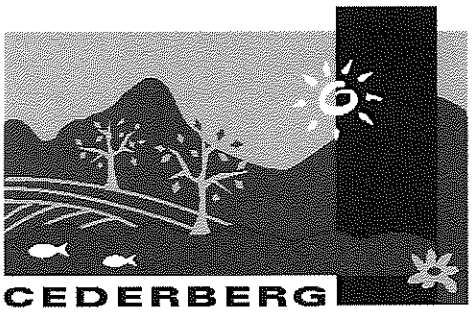

RISK MANAGEMENT COMMITTEE CHARTER

April 2017

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1. PURPOSE

The Risk Management Committee (the "Committee") has been established within Cederberg Municipality to assist the Accounting Officer fulfil his / her responsibilities for Enterprise Risk Management (ERM), in accordance with the prescribed legislation and corporate governance principles. This Charter has therefore been developed to highlight the roles and responsibilities of the Risk Management Committee.

2. AUTHORITY

The Committee shall have the requisite authority to request management to appear before it to account for their delegated responsibilities in respect of risk management.

3. ROLES AND RESPONSIBILITIES

3.1. THE CHAIRPERSON

The powers of the chairperson will be to:

- draw up the agenda with the help of the secretary:
- prepare and be fully informed on all matters to be discussed;
- call the meeting to order and declare it formally open;
- deal with items on the agenda in the order set;
- confirm the minutes of the previous meeting;
- preserve and maintain order;
- decide on any points of order submitted;
- eject person/s obstructing the business of the meeting;
- maintain order and see that the meeting is conducted in the proper manner;
- clarify and restate points which may not be clear to all members;
- ensure that the meeting has been properly convened and constituted;
- summarise and draw conclusions from discussions;
- enact the role of facilitator and participate, in debates;
- ensure the recording and exact wording of any proposals or decisions, as well the names of propose seconders;
- identify any action to be taken and delegate responsibilities
- management agree on consensus reached;
- report to council and / or any council structures as required

- adjourn the meeting if it is so disorderly as to prevent the business of the meeting from taking place;
- adjourn the meeting;
- ensure that accurate record (minutes) of the meetings are produced by the secretary and circulated to each member for agreement; and
- follow up on decisions and recommendations taken at the meeting and make sure they are carried out.

3.2. THE SECRETARY / RECORDING OFFICER

The duties of the recording officer will be to:

- Draw up the agenda with the chairperson and official delegated with risk management;
- ensure that all necessary documents requiring discussion or comment are attached to the agenda;
- send out the notice of the meeting and agenda **seven (7) working days** prior to the meeting, to all members;
- prepare all documents and correspondence to be dealt with at the meeting, in the order on which the items appear on the agenda;
- circulate documents among members, if necessary;
- arrange the venue and material required;
- ensure that all members signed the attendance register;
- read the apologies of those who could not attend the meeting;
- collect copies of all correspondence for later filing;
- make notes on all proceedings;
- record all motions, proposers, seconders and resolutions;
- record the number of votes;
- record the names of those responsible for further action and the due dates;
- prepare the minutes, within **seven (7) working days** after the meeting;
- send a copy of the minutes to the chairperson to be checked;
- send copies of the reviewed minutes to the chairperson and other committee members within ten (10) working days after the meeting;
- maintain a tracking sheet to monitor resolutions taken; and
- file a copy of the adopted and signed minutes.

Note: The secretary takes no part in the debates of the meeting, nor does he/she vote.

3.3. THE RISK MANAGEMENT COMMITTEE

The duties of the committee will be to:

- review the risk appetite annually and provide recommendations to the Council;
- review the risk tolerance annually and provide recommendations to the Council;
- review the risk management policy annually and provide recommendations to the Council;
- evaluate the effectiveness of the risk management policy;
- review of the annual risk management implementation plan and provide recommendations;
- monitor implementation of the risk management implementation plan;
- review the fraud prevention policy and provide recommendations to the Council;
- evaluate the effectiveness of the fraud prevention policy to the Council;
- review the fraud prevention strategy and implementation plan and provide recommendations to the Accounting Officer;
- monitor implementation of the fraud prevention strategy and implementation plan;
- evaluate the effectiveness of mitigating strategies to address the material risks of the municipality;
- report any material changes to the risk profile of the municipality to the Council;
- review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;
- develop goals, objectives and key performance indicators for the committee;
- develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- evaluate the performance of ERM within the municipality;
- provide proper and timely reports to the Council on the state of risk management, together with aspects requiring improvement accompanied by the committee's recommendations to address such issues;
- the meeting shall be held before the Audit committee for the minutes to be included in that meeting
- submit quarterly reports to the Audit Committee to share information relating to material risks of the municipality and any other information;
- report annually to the Audit Committee and Council, summarising the activities, recommendations and decisions, which can be included in the annual financial statements;

- agenda and minutes to be submitted to the AC
- review the charter on an annual basis;
- review the risk management policy annually and provide recommendations; and
- review the fraud prevention policy annually and provide recommendations.
- measure and understand the municipality's overall exposure to fraud and corruption and ensure that proper processes are in place to prevent these risks from materialising;
- measure and understand the municipality's overall exposure to IT and ensure that proper processes are in place to prevent these risks from materialising;
- measure and understand the municipality's overall exposure to Occupational Health & Safety (OH&S) and ensure that proper processes are in place to prevent these risks from materialising;

4. MEMBERSHIP COMPOSITION

The Committee shall be formally appointed by the Accounting Officer at least every **three (3)** years. The members, as a collective, shall possess the necessary blend of skills, expertise and knowledge of the municipality, including familiarity with the concepts, principles and practices of ERM, such that they can contribute meaningfully to the advancement of ERM within the municipality.

The Committee shall consist of at least seven (7) members.

Membership of the Committee shall comprise of:

- Independent external chairperson (in the absence of the AO to source from other structures)
- Municipal manager;
- Directors; and

Standing invitees to the Committee shall be the:

- MPAC Chair
- Internal Auditor,
- Officer delegated with risk management
- Performance and Compliance Officer
- IDP officer, and

- Any other person who may be co-opted to provide specialist skills, advice and counsel.

5. MEETINGS

The committee shall meet at least four times per annum. The chairperson of the committee or a majority of the permanent members of the committee may convene additional meetings as circumstances may dictate.

5.1. MEETING ATTENDANCE

The chairperson may in consultation with the AO and Officer delegated with risk management:

- extend an open invitation to particular non-members to attend meetings;
- may invite particular non-members to attend meetings in connection with specific agenda items; and
- limit attendance at particular meetings or parts of meetings or agenda items to committee members only.

5.2. QUORUM

50% plus one constitutes a quorum. A permanent member of the committee may nominate a proxy on his / her behalf. This provision shall lapse in the event that the permanent member fails to attend two (2) of the committee meetings held in that particular financial year.

If there is no quorum, the meeting will be adjourned to a new date and time as determined by the Accounting officer, not exceeding 2 (two) weeks.

5.3. MEETING PROCEDURES

- Any member of the Committee may add items to the agenda at least **ten (10)** working days prior to the date of the meeting. Such items shall be provided to the chairperson and/or the secretary.
- The members of the Committee as appointed by the Accounting Officer are the only persons to make recommendations and decisions based on consensus.
- Unless varied by this charter, meetings and proceedings of the Committee will be governed by this Charter as adopted by Council or any other municipal guidelines regulating the meetings and proceedings of committees as adopted by Council from time to time.

6. PERFORMANCE EVALUATION

- Clear objectives and key performance indicators should be set for the Committee in respect of risk management. These indicators should be able to measure the Committee's effectiveness in contributing to the achievement of the municipality's goals and objectives.
- The committee will annually undertake self assessment on its performance.
- The assessment will include training needs for each committee member.

7. REVIEW OF THE CHARTER

The committee will review and amend the Charter annually to ensure that its content remains relevant. All changes or amendments to the Charter will be discussed and approved by the Council.

8. APPROVAL OF THE CHARTER

The Risk Management Committee Charter is endorsed by the chairperson of the Committee and approved by the Council.

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ACTING ACCOUNTING OFFICER

Date: